

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

September 13, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: Southern Union Company, D.T.E. 06-71

Dear Ms. Cottrell:

Enclosed herewith is the response of Southern Union Company (the "Company") to Information Request DTE-1-1 of the Department of Telecommunications and Energy (the "Department") in the above-referenced proceeding. Please note the response was inadvertently omitted from the Company's responses to the First Set of Information Requests filed with the Department yesterday.

Thank you for your attention to this matter. Please do not hesitate to contact me if I can provide you with any additional information concerning this matter.

Sincerely,


Cheryl M. Kimball

Enclosure

cc: Caroline M. Bulger, Hearing Officer
Glenn Shippee, Rates & Revenue Requirements

Information Request DTE-1-1

Refer to the Company's Petition at 3, Item 5. Please designate the anticipated breakdown (in tranches) of the proposed debt issue and provide an approximate estimated weighted average cost of funds.

Response

The Company currently anticipates issuing \$600 million of junior subordinated notes at a fixed rate of approximately 7.5% to 8.0%. However, as recognized by the request set forth above, it may not be advisable for the Company to issue debt for the entire capital requirement in one tranche. Also recognized in the request is the fact that the estimated interest rate is based on current treasury rates and market spreads that are known to be volatile at times, and therefore, there is the potential that the interest rates for individual tranches will vary across a range depending on the ultimate timing of the issuances.

The Company is currently working with its investment advisors to determine the advisable breakdown and timing for the issuances and, at this point in time, has not made any determination as to the preferable tranche size. The Company will update this response to provide the Department with further information as it becomes available.